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C O N F I D E N T I A L SECTION 01 OF 02 LAGOS 000033

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DOE FOR GPERSON, CHAYLOCK

E.O. 12958: DECL: 01/15/2019

TAGS: [EPET](#) [ENRG](#) [PGOV](#) [NI](#)

SUBJECT: NIGERIA: NEW STATE OIL CHIEF APPOINTED IN SURPRISE
MOVE

Classified By: Consul General Donna M. Blair for reasons 1.4 (B) and (D)
)

11. (C) Summary: In a surprise announcement on January 13, Mohammed Barkindo replaced Abubakar Yar'Adua as the Group Managing Director of the Nigerian National Petroleum Corporation (NNPC). Barkindo is a close associate and protg of recently appointed Minister of Petroleum Resources Rilwanu Lukman. He is a long time NNPC hand and previous Acting Secretary General of OPEC, with post graduate work in the United States. Industry executives were caught off guard by the timing of the move, and while non-committal about Barkindo for the most part, they don't believe the state of the industry in Nigeria could get much worse. One oil executive claimed Acting Group Managing Director Yar'Adua was removed abruptly after word leaked that he had attempted to bribe legislators to hold up the appointment of the new Minister of Petroleum Resources. Indicators of real reform efforts will be substantive personnel changes in the key NNPC sub-units that control oil sales and production related ontracts and the hiring of experienced outsiders to take charge of operations. End Summary.

12. (SBU) On January 13, a spokesman of President Yar'Adua surprised industry observers by announcing that Mohammed Sanusi Barkindo would immediately replace Acting Group Managing Director (AGMD) Abubakar Yar'Adua as the head of NNPC. It was widely assumed the AGMD Yar'Adua would at least remain in office until April 2009 when he reached the mandatory retirement age of 60. The decision was heralded in the press as an initial step towards implementing reform plans spearheaded by Minister of Petroleum Resources Rilwanu Lukman while serving in his previous position as energy advisor to the President. In a related move, Professor Yinka Omorogbe, Dean of the Law School at the University of Ibadan, was appointed as NNPC's new Corporate Secretary. As an expert in Nigerian petroleum law, she played a leading role in the committee headed by Lukman that developed plans to reorganize NNPC.

13. (SBU) Barkindo is a long time protg and close associate of Lukman. He held the position of acting secretary general of OPEC in 2006 and served as Nigeria's representative to OPEC's Economic Commission Board for fifteen years. Barkindo headed the Nigerian technical delegation to discussions that produced the United Nations Framework Convention on Climate Change (UNFCC) and the Kyoto Protocol. According to his biography, Barkindo has a BS in political science from Ahmadu

Bello University and an MBA from Southeastern University in Washington D.C. He is a member of the Institute of Petroleum in London as well as the American Finance Association. He worked in a variety of positions within NNPC over a 22 year career, mostly in finance and policy related positions, and headed up NNPC's London office and Duke Oil trading subsidiary before serving as the company's Coordinator for Special Projects when the announcement was made.

14. (C) Abuja Econoff met with the technical assistant to the Minister of State for Petroleum Resources Odein Ajumogobia on January 14 and asked how the Barkindo appointment was viewed by the staff. The assistant replied that they were not surprised by the appointment of the well-known Barkindo. In contrast, a personal assistant to AGMD Yar'Adua told Energyoff that he and his colleagues were caught off guard by the move and in fact they had been finalizing arrangements for the AGMD to attend an international conference the day the decision was announced.

15. (C) International oil company executives expressed surprise by the timing of the move and were unsure of the impact Barkindo would have on NNPC. Most saw it as Lukman's attempt to quickly gain control of the organization in advance of planned reforms. However, in a conversation with Energyoff on January 20, the head of a major European IOC dismissed Barkindo as another "recycled" old NNPC hand who was put in place to make people comfortable, not to make changes. While they all noted Barkindo's lack of operational industry experience, they agreed that the situation in the Nigerian oil industry could hardly get worse than the past 17

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months of inaction and stalling under AGMD Yar'Adua's leadership.

16. (C) In an interesting aside, the head of a large Nigerian-owned oil producer told Energyoff that Lukman moved to replace AGMD Yar'Adua after he learned of attempts by the former AGMD to thwart his appointment as Energy Minister. According to the contact, AGMD Yar'Adua attempted to bribe Nigerian legislators to block Lukman's appointment, knowing that if Lukman was appointed his days at the top of NNPC were numbered. Yar'Adua, a career downstream executive in Nigeria's woeful refinery business, never appeared to enjoy much support in the Villa or National Assembly; he was never able to shake the designation as "acting" group managing director since his appointment by President Yar'Adua to the position in August 2007. Local newspapers reported some dissatisfaction among South-South politicians with the appointment of another northerner to NNPC's top post, but reaction has otherwise been muted and no one has come out in support of the deposed Acting Group Managing Director.

17. (C) Comment: The appointment of Barkindo and Omorogbe may indicate that Lukman and President Yar'Adua intend to quickly press forward with reform plans developed over the past 18 months. However, like good bureaucrats anywhere, NNPC executives are probably quite adept at paying lip service to reform while blocking or stalling substantive organizational change. Only time will tell if Lukman and Barkindo can implement real reforms. Key indicators will be top level personnel changes in both the crude oil marketing division and the National Petroleum Investment Management Service and the hiring of experienced outsiders to take charge of the operational side of NNPC. We note however, that by one count this will be the fifth restructuring of Nigeria's state oil company since its founding. NNPC's current form dates from its last major restructuring in 1988 which occurred under then Minister of Petroleum Resources Rilwanu Lukman. End Comment.

18. (U) This cable cleared by Embassy Abuja.
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